

City of Minneapolis
Request for Committee Action

To: Ways & Means
Date: 10/19/2015
Referral: Board of Estimate & Taxation
From: Finance & Property Services
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Presented by: Michael Abeln
File type: Action
Subcategory: Contracts & Agreements

Subject:

Authorize appropriate City officials to negotiate and enter into an agreement with US Bank for \$25,000,000 of temporary financing for the Nicollet Mall project and other purposes.

Description:

Staff, along with the City's financial advisor, Ehler's & Associates, recommends selection of US Bank as the preferred financial institution for the temporary financing required for funding a portion of the design and construction of the Nicollet Mall project. On September 4, 2015, the City released a request for proposals (RFP) to eight firms. Seven firms submitted options to the City and the US Bank proposal provided the most cost effective approach for this project.

As part of this process, the City is also able to amend two existing loans currently outstanding in the amount of \$42,710,000 with US Bank and extend the terms of those loans at substantially favorable terms and reduced interest expense from 12/1/2015 through 12/1/2018.

Finally, this negotiation will allow the City to borrow up to \$18,000,000 for the 2015 Capital Improvement Program to reimburse capital project expenses incurred during the 2015 construction season. This financing serves the same purpose as the issuance of net debt bonds at a lower cost of financing. For this portion of the financing, the City will request the concurrence of the Board of Estimate and Taxation in approving this alternative method of finance.

All of the components that are part of this arrangement will be issued as tax-exempt and will carry the normal and customary General Obligation pledge on the Note with US Bank.

Previous Actions:

- August 3, 2015 – Authorize the Finance Officer to release a Request for Proposal (RFP) for financing options for the Nicollet Mall project and pass a resolution declaring City's intent to reimburse expenses with tax-exempt bonds.
- April 3, 2015 – Council resolution 2015R-148 designating the locations and streets to be improved.
- December 5, 2014 – Council resolution 2014R-508 appropriating \$3,500,000 for the Nicollet Mall Reconstruction project using revenue from project closeouts.
- December 5, 2014 – Council resolution 2014R-503 establishing the 2015 Uniform Assessment Rates.

- October 31, 2014 - Nicollet Mall Redesign and Reconstruction Project: Preconstruction and Construction Contracts: authorize the appropriate city officials to negotiate and enter into a contract with SEH for Preconstruction and Construction Management Services for the Nicollet Mall Project in an amount not to exceed \$2,400,000 and authorize the appropriate city officials to negotiate and enter into a contract with Shenehon for assessment calculation for the Nicollet Mall reconstruction project in an amount not to exceed \$60,000.
- August 15, 2014 - Authorize staff to issue a Request for Proposal to solicit proposals from qualified vendors for a construction manager for the Nicollet Mall Redesign and Reconstruction Project.
- June 17, 2014 – Approve concept for the Nicollet Mall and a project budget of \$50,000,000; Accept a \$21,500,000 State grant subject to the City's approval of \$25,000,000 in special assessments; Amend Capital Budget 2013R-573 to increase appropriation for 04100-9010937-CPV085 by \$46,500,000 and increase revenue for 04100-9010937-CPV085 including \$21,500,000 State grant and \$25,000,000 from special assessments with the actual assessment amount determined at a Public Hearing; Authorize to negotiate to acquire construction easements; Authorize to enter into a contract with James Corner Field Operation for completion of detailed design, construction documents and bidding and construction phases for the Nicollet Mall not to exceed \$4,500,000; waive RFP policy and authorize to enter into a contract with Peter Brown of Conurbation LLC for project management through construction of the Nicollet Mall not to exceed \$266,000; Authorize process to select a construction manager for Nicollet Mall; Appoint ten-member Nicollet Mall implementation committee to guide through design.
- October 4, 2013 - Authorizing negotiation and execution of a contract with James Corner Field Operations for concept design of the Nicollet Mall Reconstruction Project
- June 18, 2013 – Issuance of an RFP and execution of design stipends with finalist design teams
- April 16, 2013 – Receive and file update on Nicollet Mall Redesign and issuance of RFQ.
- December 12, 2012 - 2012R-655, Adopting the 2013-2017 Five Year Capital Program, including \$555,000 for Nicollet Mall Planning (CPV085).

Ward/Address:

Not Applicable

Background/Analysis:

City staff in conjunction with Ehler's & Associates reviewed the detailed components of each proposal and concluded that the US Bank proposal offered the lowest upfront cost of completing the financing, the lowest interest cost, and the most optimal flexibility for drawing down funds for the Nicollet Mall project. In addition, the favorable terms for the RFP were able to be extended to existing loans and for an additional financing for the City's capital program.

Financial Review:

No additional appropriation required, amount included in current budget.

Future budget impact anticipated.

Proceeds from Special Assessments and the City's Bond Redemption levy will be used to pay the debt service for the financing.